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SOCIAL AND ECONOMIC LEGISLATION OF THE STATES IN 1893.

THE laws enacted from year to year by our State legislatures have a special interest for the student of sociology, as indicating certain tendencies in public opinion. Certainly, no better index can be found of the progress of politico-economic movements than is furnished by the action of the people's representatives in respect to the questions at issue. It may indeed be freely granted that such action is often not seriously meant, that it does not really give expression to the legislator's sincere convictions of public duty, that sometimes it is not honestly intended to help in executing the popular will, and that sometimes the motives behind it are, in short, those of the demagogue; and yet it remains true, to an increasing extent, that all important social and economic changes among us are sooner or later brought to the attention of our law-makers, and more often, perhaps, than we suppose, such changes are even foreshadowed on our statute books.

In any review of the legislation of 1893 the so-called "labor laws" must form a conspicuous group by themselves. Next in interest are the new laws concerning corporate property, and last, but not least in importance, a body of legislation dealing with various departments of State and municipal finance.

New laws in Indiana and Kansas require the weekly payment of wages by corporations. Indiana requires this of mining and manufacturing companies only; and Kansas excepts all railway, farm, and dairy corporations. Ohio makes it unlawful to retain any part of the wages of minors because of presumed negligence or failure to comply with rules, or for breakage of machinery, or because of alleged incompetency to produce work in accordance with any standard of merit set up by employers. It is also forbidden employers to receive

any guarantee, bonus, money deposit, or any form of security for the faithful performance of work, observance of rules, or making good of losses by minors. Parents or guardians must furnish certificates as to the age of minors. Employers must make written agreements with all minors, stating the wages to be paid, and must furnish statements of wages due. No change in wages can be made without twenty-four hours' notice. The State inspector of workshops and factories is given special powers to secure the enforcement of this law.

The coal miners of Kansas have secured the passage of a law prohibiting the screening of coal before weighing, where wage-payments are made on the basis of the quantity of coal mined. A similar statute in Illinois* was held unconstitutional on the ground that it deprived persons, without due process of law, of the property right of making contracts. (32 *North-eastern Reporter*, 364.) The law made it impossible for a miner, even if he so desired, to contract with his employer to receive wages based on the weight of coal produced by him *after* screening, such contracts being declared by the law to be null and void. The court considered this an unwarranted use of the legislative power, inasmuch as the constitution of the State protects all men in their property rights, among which the freedom to make contracts is one of the most important. In Kansas, however, there seems to be no constitutional provision prohibiting such legislation. The provision in the constitution of the United States on the same subject has never been construed by the courts as applicable to the action of State legislatures.

The new factory law in Illinois restricts the labor of women to eight hours a day, or forty-eight hours a week; and the number of required hours must be kept posted in each factory where women are employed. Other provisions of the Illinois law deal with the employment of children. None under fourteen can be employed in any kind of manufacturing. A register of all under sixteen must be kept, and the affidavit of parent or guardian as to date and place of birth must be fur-

*See "Social and Economic Legislation in 1891," *Quarterly Journal of Economics*, January, 1892.

nished in each case. A list of the names, with ages, of such children is to be kept posted in the factory where they are employed. The factory inspectors may demand health certificates in such cases. In Indiana children under fourteen can no longer be employed in the manufacture of iron, steel, nails, metals, machinery, or tobacco. In any other kind of manufacturing it is made unlawful to work children under that age more than eight hours a day. Minnesota makes it a misdemeanor to compel children under sixteen to labor more than ten hours a day in any factory or store, or to employ them at any kind of labor outside the family before seven in the morning or after six in the afternoon.

With the exception of the Illinois law (the constitutionality of which is already being sharply contested) and the Indiana and Minnesota child labor laws, there has been no radical legislation concerning hours of labor during the year. Massachusetts has adopted the nine-hour day for manual labor employed by the State government. For street railway conductors, drivers, and motormen, ten hours' work within twelve consecutive hours is to constitute a day's work. In South Carolina an eleven-hour day was established for cotton and woollen mills. Colorado adopts the eight-hour system for State, city, county, and other public works.

California has passed a "rest day" law, requiring the setting apart of one day in seven for rest from all labor, but not specifying any particular day of the week. This is in no sense a "Sunday law," and was not designed to secure religious observance, but solely to limit the week's work to six days. Employees required to labor on Sunday will thus be entitled to one other day of the week for rest.

Several laws were passed to protect factory employees against injury from defective and dangerous machinery. In Connecticut the inspector of factories is authorized to order the use of devices to remove dust in certain operations, such as buffing, polishing, and grinding metals. Minnesota requires guards to be placed about dangerous machinery. The new employers' liability act of Indiana renders the corporations liable for injuries to employees resulting from defects in the

plant, from negligence, or from any act or omission of agents. Contracts releasing such liability are declared null and void.

The legislative campaign against the "sweat-shop" evil has been vigorously carried on in New Jersey and Illinois, as well as in New York and Massachusetts, whose statutes on the subject have been detailed in previous numbers of this *Journal*. The articles of manufacture interdicted in tenements by these laws include wearing apparel, artificial flowers, and cigars. Illinois, however, like Massachusetts and New York, permits these articles to be manufactured by members of families occupying the tenements as dwellings. New Jersey requires a written permit from the State factory and workshop inspector, or his deputy. The Illinois law (which, by the way, forms a part of the factory and workshop act to which reference has already been made in this article) insists that all tenement-house workshops used by families be kept in cleanly condition, free from vermin and contagious or infectious materials of every sort, and subject to inspection. Such workshops are to be reported to the board of health. Massachusetts also incorporates in her law a proviso that dwellings used for such purposes be placed under a system of inspection, and that families so employed be licensed. Conditions of disease must be reported to the health officers. Both Massachusetts and New York now require all tenement-made goods to be labeled. In New York it is the duty of the boards of health to disinfect unclean or unhealthy goods.

In New Hampshire a State labor bureau has just been organized. The Minnesota bureau is reorganized, the commissioner being empowered to appoint one assistant, a factory commissioner, two deputy labor commissioners, and two deputy factory commissioners, one of whom shall act as inspector of railways. The Illinois factory law provides for the appointment of a chief and assistant factory inspector and ten deputies, five of whom shall be women. New York has increased the number of deputy inspectors on duty from sixteen to twenty-four, and ten of these must be women. With a view to making the statistical information gathered by the labor

bureau more available and useful, Colorado has authorized the publication of quarterly bulletins.

In Ohio a State board of arbitration has been created, similar in all respects to the boards of New York and New Jersey.* Decisions by these boards are not binding on the parties to the controversy. They are little more than convenient agencies for the voluntary submission of labor disputes. They have hardly attained as yet to the dignity of real tribunals of justice.

As a measure of protection to the labor unions, it is made a misdemeanor on the part of employers, in California, Idaho, Illinois, Indiana, and Missouri, to discharge their employees for joining such unions, or to coerce employees to enter any agreement not to join them, as a condition of employment. In Minnesota it is made a misdemeanor to require, as a condition of employment, the surrender of any right of citizenship; and in Wyoming a curious proviso has been enacted against the discharge of employees because of their nomination to political office.

"Anti-Pinkerton" laws of varying scope and stringency continue to be enacted. Most of these are intended to prevent the importation of non-resident and alien police forces; but some prohibit the organization of armed bodies of men for any purpose, applying to residents as well as to outsiders. This is the case in Washington; and in North Carolina it is unlawful for detectives in parties of more than three to go armed.

The new "anti-trust" law of Illinois is intended to reach all corporations whose business partakes in the slightest degree of the nature of a combination to restrict competition or fix prices, with the single exception of concerns dealing in farm products at first hand. Purchasers are released from liability for purchase-money when goods are bought of a "trust." Every corporation in the State is required to report annually whether any interest is held in or business done with a

* See "Social and Economic Legislation in 1892," *Quarterly Journal of Economics*, January, 1893.

"trust" of any kind. Proceedings have been begun against a large number of companies which have failed to make such a report since the law went into effect. In New York legislation was especially directed, last winter, against combinations handling commodities of common use for the support of life and health. In California the live-stock combinations were aimed at, and in Texas the great land companies.

In Illinois and North Carolina State departments dealing, respectively, with insurance and banking, were organized during the year. Maine has adopted new regulations applying to insurance companies doing business in that State. Hereafter such companies will be required to make the same deposit as the home companies. Real estate securities must be held by trustees who are citizens of the United States. The insurance commissioner is authorized to examine the books and securities of foreign companies, and to license them to do business in the State; but the license is to be revoked in case of any combination to control rates. The minimum capital required of any fire insurance company in South Dakota is $150,000 and a deposit of $100,000 must be made with the State Treasurer before any business can be done. In Oregon it is now lawful for an insurance company to rebuild property destroyed by fire, in lieu of cash payment of the loss.

In South Carolina and South Dakota railroad commissioners are hereafter to be elected by the people. Nebraska and Washington have obtained maximum freight-rate laws, which would have been placed on the statute books two years earlier but for the interposition of the governor's veto. The railroads are given virtually their own rates on most kinds of freight, but increase of these is prohibited. North Dakota fixes maximum freight rates on coal mined in the State. Railroad "wrecking" is made a felony in Georgia. This offence, on the part of corporation officers and stockholders, consists in any form of plotting for the depreciation of stock in market value.

During the year three States have attempted to regulate traffic in railroad passenger tickets by legislation. In Minnesota and North Dakota all ticket agents must be authorized

and licensed by the State government. Unused tickets are to be redeemed by the companies. The Texas ticket law seems to have resulted in failure already. It required merely that agents should have certificates from the companies. It is now charged that some of the companies have furnished brokers with their certificates, to the discomfiture of rival lines.

After Jan. 1, 1898, New York will require all freight cars to be equipped with continuous power or air brakes, and locomotives with driving-wheel brakes. Automatic couplers must be used after that date on all freight cars. "Coal jimmies" will also be prohibited.

Missouri undertakes the regulation of express companies as common carriers, through the State railroad and warehouse commissioners, with whom schedules of rates must be filed by the companies. The commissioners are authorized to alter and fix maximum rates, and discrimination is forbidden.

The regulation of grain elevators has become an important topic of discussion in some of the north-western States, especially since the rise of the Populist party. What is generally regarded as an extreme position on this question was taken last winter by the Minnesota legislature, which passed a law exacting license fees from all public elevators in the State, prohibiting the pooling of earnings or business, and providing for the erection and maintenance of a State warehouse and elevator. This law was contested in the courts by the owners of elevators from whom license fees were demanded. They protested that the moneys thus required by the terms of the law to be paid in for the support of the State railroad and warehouse commission were used in maintaining a competing business establishment. The commissioners were further authorized to publish market reports, and to fix charges for the storage, inspection, weighing, and handling of grain. North Dakota also made provision for a State elevator, to be erected in Minnesota or Wisconsin. One section of the law has a proviso to the effect that no money shall be expended for construction until a cession of absolute civil jurisdiction over the tract of land on which the building is to be erected shall have been made to the State of North Dakota; but the fact seems

to have been overlooked that any such cession by one State to another would require the consent of the national Congress.

While the effort to extend the functions of State governments has been more noticeable, perhaps, in those parts of the country where the "farmers' movement" has made most headway, the tendency in the direction of enlarging municipal activities is everywhere gaining strength, East and West. This is made especially evident by the various laws lately passed for the regulation of municipal ownership of gas and electric-light plants. In dealing with this question, Connecticut has attempted to establish rules for fixing the prices to be charged to consumers. As a basis, a net profit of five per cent. on the investment is taken, allowance being made of five per cent. a year on cost for depreciation of plant. No price shall be greater than shall be sufficient to yield a net profit of eight per cent. on the cost. In fixing such a basis of price to consumers, the gas or electricity used by the city, town, or borough operating the works is to be charged to it at cost. The price is not to be changed oftener than once in three months, and any proposed change must be advertised for at least one month before it can take effect. Lighting plants can neither be erected nor purchased by municipalities in Connecticut until the matter has been submitted to popular vote, and after the establishment of such works their management is intrusted to boards of commissioners. New laws in Indiana, Minnesota, and Washington authorize cities, towns, and villages to own and operate electric-light plants, water-works, and the like. In Massachusetts municipalities already owning works of this kind may purchase connected mains, poles, and wires in adjacent cities or towns, and operate the whole system thus formed as one.

In New York legislative approval has been given to the undertaking of an extensive experiment in city building. A "model town company" has been incorporated, and Niagara County has been set apart as the field of its operations. This company is empowered to build a town or city in that county, to establish therein an industrial school and "university," to

build and operate surface and elevated street railways, electric-light and power plants, water and gas works, steam-heating and pneumatic power plants, a telephone exchange, manufacturing plants of all kinds, dwelling-houses, steam railroad lines, with passenger and freight depots, and telegraph lines, and to improve public parks and grounds. The capital stock of this corporation is limited to ten millions of dollars. This is not exactly an experiment in municipal government, for in the conduct of the enterprise the individual voter, as such, has no voice; but it is a bold and decidedly interesting attempt to prove the capacity of an incorporated company to aggregate to itself a great variety of functions of a public and *quasi*-public character.

Attempts to enact and put in force more radical road legislation in the different States are becoming more frequent from year to year. In Massachusetts a State commission is charged with the collection of statistics concerning highways and the construction of a State system. Idaho is another State which has undertaken to build State roads, providing for their cost by the issue of bonds. In Oregon and Washington highways are maintained by the counties. Missouri has adopted a so-called "local option" county road law, under which the county courts appoint the supervisors. New York also permits the supervisors of any county to adopt the county system, if they see fit to do so. A county engineer is to be appointed in such a case. Indiana makes it binding on county officers to accept and keep in repair every mile of gravel road built by private enterprise. Owners of wagons with broad tires are to receive credit, in New York and New Jersey, on their road taxes. Oregon divides her share of the United States "direct tax" refund *pro rata* among the counties, according to area, to be used for roads and bridges.

The principal changes in the tax systems of the different States made during the year had to do with methods of assessing and taxing corporations and estates. Texas has provided for an annual franchise tax of ten dollars on each corporation. Alabama imposes State license fees on all corporations, doubling those to be paid by companies applying to the legislature

for special charters. It is made one of the duties of the railroad commissioners in North Carolina to assess all the railroads in the State. In Alabama sleeping-car companies are required to pay an annual privilege tax of five hundred dollars, and one dollar for each mile of road on which the cars are operated in the State. The Territory of New Mexico requires sleeping and palace car companies to pay two and one-half per cent. on gross earnings, the proceeds of the tax to be divided equally between the Territorial government and the counties through which the cars run. Texas imposes a State tax of one-fourth of one per cent. on the capital stock of such companies employed in the State.

Alabama establishes a privilege tax on express companies, basing it on the number of miles of road operated. Maine doubles her license tax on such companies, making it one and one-half per cent. of gross receipts.

In the taxation of telephone companies widely differing methods obtain in different States. Alabama is content with a State tax of one per cent. on gross receipts. Texas levies an annual tribute of twenty-five cents on each instrument in use. Maine attempts to collect two and one-half per cent. *ad valorem* on all telephone apparatus leased from or subject to royalty for use to any corporation or person beyond the limits of the State.

Maine has adopted the following plan for the taxing of building associations: Semi-annual returns of the monthly capital dues are to be made to the State Treasurer. A tax of one-fourth of one per cent. is to be levied on such dues, payable semi-annually, with exemption from municipal taxation. The real estate of such associations may be taxed by the towns in which they are located.

Three States have enacted "collateral inheritance" tax laws during the year. California takes five per cent. of the value of all estates valued at more than $500. The proceeds will go to the State school fund. In Maine the rate is fixed at two and one-half per cent. In Ohio all estates of less than $10,000 are exempted, and the rate of tax on those of greater value is three and one-half per cent. In Minnesota a constitutional

amendment authorizing the taxation of inheritances is to be submitted to the people next year.

Washington is the last State to adopt the "listing system" for the assessment of personal property. Oregon will hereafter refuse any deduction of indebtedness in the assessment of property. New York exempts from taxation all real property of religious, charitable, and educational corporations that is used for the purposes of the organization. The various recommendations to the last New York legislature relative to a reconstruction of the tax system of the State had no practical result.

WILLIAM B. SHAW.